

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

W.R. GRACE & CO., *et al.*,

Reorganized Debtors.

§
§
§
§
§
§

Chapter 11

**Case No. 01-01139 (KJC)
(Jointly Administered)**

**NOTICE OF FILING OF AUDITED ANNUAL REPORT AND CLAIM
SUMMARY OF RICHARD B. SCHIRO, TRUSTEE FOR THE WRG
ASBESTOS PROPERTY DAMAGE SETTLEMENT TRUST, CLASS 7A**

Richard B. Schiro, the Trustee for the WRG Asbestos Property Damage Settlement Trust, Class 7A (the “Class 7A Trustee”), files the Audited Annual Report for the period from January 1, 2016 through December 31, 2016, which is attached hereto as Exhibit “A”. A summary of the number and type of claims disposed of during the period covered by the Audited Annual Report (the “Claims Summary”) is attached hereto as Exhibit “B”.

Pursuant to the provisions of the *First Amended WRG Asbestos Property Damage Settlement Trust Agreement*, the Trustee is providing copies of the Audited Annual Report and the Claims Summary to the Asbestos PD Future Claimants’ Representative (the “PD FCR”) and Reorganized Debtors. The Trustee is also providing copies to the Class 7B Trustee.

Dated: April 5, 2017

Respectfully submitted,

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By: /s/ Deborah D. Williamson
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**ATTORNEYS FOR RICHARD B. SCHIRO,
CLASS 7A TRUSTEE OF THE WRG
ASBESTOS PD TRUST**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 5th day of April, 2017, the foregoing was filed with the Court and served via the Court's CM/ECF system to all of the parties registered to receive such notice, and via first class U.S. postal mail to:

PD FCR:

Alexander M. Sanders, Jr.
Asbestos PD Future Claimants' Representative
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Class 7B Trustee

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M. Dawes Cooke
Barnwell Whaley Patterson & Helms LLC
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Charleston, SC 29402

Delaware Trustee

Wilmington Trust Company
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Wilmington, DE 19890
Attention: Corporate Trust Administration

/s/ Deborah D. Williamson
Deborah D. Williamson

Exhibit A

Audited Financial Report

WRG Asbestos PD Settlement Fund (Class 7A)

**Audited Financial Statements - Cash Basis
For the Years Ended December 31, 2016 and 2015**

WRG Asbestos PD Settlement Fund (Class 7A)

Audited Financial Statements - Cash Basis
For the Years Ended December 31, 2016 and 2015

WRG Asbestos PD Settlement Fund (Class 7A)

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Independent Auditor's Report

Trustee
WRG Asbestos PD Settlement Fund (Class 7A)
Dallas, Texas

We have audited the accompanying financial statements of WRG Asbestos PD Settlement Fund (Class 7A) (the Settlement Fund) which comprise the statements of assets, liabilities and net claimants' equity - cash basis as of December 31, 2016 and 2015, and the related statements of changes in net claimants' equity - cash basis for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 2; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net claimants' equity of WRG Asbestos PD Settlement Fund (Class 7A) as of December 31, 2016 and 2015, and the change in net claimants' equity for years then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The Settlement Fund uses the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction of Use

Our report is intended solely for the information and use of the Settlement Fund, the Trustee, the beneficiaries of the Settlement Fund, and the United States Bankruptcy Court for the District of Delaware, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which, upon filing with the United States Bankruptcy Court for the District of Delaware, is a matter of public record.

BDO USA, LLP

McLean, Virginia
March 29, 2017

Financial Statements - Cash Basis

WRG Asbestos PD Settlement Fund (Class 7A)**Statements of Assets, Liabilities and Net Claimants' Equity - Cash Basis**

<i>December 31,</i>	2016		2015	
Assets				
Cash	\$	140,456	\$	136,679
Total assets		140,456		136,679
Liabilities				
		-		-
Net claimants' equity	\$	140,456	\$	136,679

See accompanying notes to the financial statements.

WRG Asbestos PD Settlement Fund (Class 7A)**Statements of Changes in Net Claimants' Equity - Cash Basis**

<i>For the years ended December 31,</i>	2016	2015
Additions		
Income	\$ -	\$ -
Total additions	-	-
Deductions		
Operating expenses	237,134	225,482
Total deductions	237,134	225,482
Decrease in net claimants' equity	(237,134)	(225,482)
Net claimants' equity		
Beginning of the year	136,679	90,433
Funding from WR Grace	240,911	271,728
End of the year	\$ 140,456	\$ 136,679

See accompanying notes to the financial statements.

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Financial Statements

1. Description and Funding of the Settlement Fund

The WRG Asbestos Property Damage Settlement Trust (the "PD Trust"), organized pursuant to the laws of the State of Delaware, was established pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of W.R. Grace & Co., et al., the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants' Representative, and the Official Committee of Equity Security Holders as Modified Through December 23, 2010 (as it may be amended or modified) (the "Plan") and became effective on February 3, 2014 (the "Effective Date"). The purpose of the PD Trust is to assume all liability and responsibility for all Allowed PD Trust Claims including (a) assume, direct and perform the processing, liquidation and payment of all such claims in accordance with the Plan and the PD Trust agreement; (b) preserve, hold, manage and maximize the assets of the PD Trust for use in paying and satisfying PD Trust Claims and all costs and expenses incurred in relation thereto; (c) qualify at all times as a qualified settlement fund for federal income tax purposes.

The PD Trust is represented by 2 Trustees: Class 7A Trustee and the Class 7B (ZAI) Trustee. The classifications of PD Claims are defined by the Plan. Pursuant to the First Amendment to WRG Asbestos Property Damage Settlement Trust Agreement, effective October 10, 2014, each Trustee administers their class of claims and the operations of their fund separately. Those assets under the control of the Class 7A Trustee shall be designated as WRG Asbestos PD Settlement Fund (Class 7A) (the "Settlement Fund").

On the Effective Date, the Settlement Fund was funded with cash contributions from W.R. Grace & Co., its affiliates, one or more members of the FMCH Group (as defined in the Plan) and one or more members of the Sealed Air Group (as defined in the Plan) in the amount of \$151,228,441. This funding was recorded by the Settlement Fund as an increase to net claimants' equity. Allowed Class 7A PD claims totaling \$150,935,225 were paid by the Class 7A Trustee on the Effective Date, and were recorded as a reduction to net claimants' equity. The remaining funds totaling \$293,216 were used to pay all Settlement Fund operating expenses through July 1, 2014.

In addition, W.R. Grace transferred Canadian \$8,595,632 to the Class 7A Trustee to pay allowed Canadian Class 7A PD claims. The Class 7A Trustee then remitted the full amount of the Canadian funds received to the Canadian claim representative on the Effective Date.

Subsequent to the Effective Date, two additional Class 7A PD claims totaling \$383,366 were allowed and paid from the Settlement Fund in 2014. No additional Class 7A PD claims were allowed or paid from the Settlement Fund in 2016 and 2015. To date, all known allowed Class 7A PD claims have been paid by the Class 7A Trustee. The Settlement Fund remains open and effective to assume, process and liquidate all PD Claims as they may arise until the termination of the PD Trust. Amounts necessary to satisfy any additional Class 7A PD claims allowed will be funded to the Settlement Fund by W.R. Grace & Co., et al. and its affiliates pursuant to the Deferred Payment Agreement (Class 7A PD).

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Financial Statements

2. Significant Accounting Policies

Basis of accounting

The Settlement Fund's policy is to prepare its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the cash basis of accounting, additions to net claimants' equity are generally recorded based on the receipt of cash. Costs and expenses are generally recorded based on the disbursement of cash. Under GAAP, operating expenses and claims would be recorded during the period the expense is incurred, and funding would be recorded when the amounts were settled and collectability was reasonably assured. Additionally, under GAAP, contingent assets and liabilities associated with potential future funding and claims would be assessed for accrual in the financial statements.

Operating expenses

Operating expenses of the Settlement Fund are recorded as deductions on the statements of changes in net claimants' equity in the period in which the invoices are paid.

Income taxes

The Settlement Fund is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Settlement Fund is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of management, the Settlement Fund is not subject to state income taxes. Income tax expense is recorded when paid.

Concentrations of credit risk

The Settlement Fund's assets that are exposed to credit risk consist of cash. Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Settlement Fund has never experienced any losses related to these balances. Amounts on deposit are not in excess of federally insured limits at December 31, 2016.

3. Net Claimants' Equity

Pursuant to the Deferred Payment Agreement (Class 7A PD), W. R. Grace & Co., et al. and its affiliates are obligated to provide future advances to the Trust on a semi-annual basis to pay the amount of all Asbestos PD Claims that were allowed against the Trust during the previous six month period, plus interest accrued on those claims, as well as the estimated funds required to pay Trust operating expenses for the next six months.

Because the funds required to pay future claims and operating expenses will be received in the future and over the life of the Trust, the Net Claimants' Equity reported in these cash basis financial statements does not reflect the total equity available to current and/or future Trust beneficiaries.

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Financial Statements

4. Subsequent Events

The Settlement Fund has evaluated its December 31, 2016 financial statements for subsequent events through March 29, 2017, the date the financial statements were available to be issued. The Settlement Fund is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Exhibit B

Summary of Number and Type of Claims Disposed of During 2016

No claims were filed with the Trust in 2016.

There are no pending allowed claims against the Trust.

One claim was disposed of during 2016. *See Opinion re Motion of the Reorganized Debtors to Enforce Discharge and Injunction of Plum Creek Timber Co.'s Claim*, Docket No. 32812, dated December 28, 2016, and *Order Approving Reorganized Debtors' Motion to Enforce Discharge and Injunction of Plum Creek Timber Co.'s Claim*, Docket No. 32818, dated January 10, 2017.